



# **BLUE CHIP TEX INDUSTRIES LTD.**

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**23<sup>rd</sup>**  
**ANNUAL**  
**REPORT**  
**2007-2008**

**23<sup>rd</sup> ANNUAL REPORT 2007-08**

<b>Board of Directors</b>	: NAND K. KHEMANI KUMAR S. NATHANI ASHOK K. KHEMANI ANIL MANDHANA	Chairman and Managing Director
<b>Auditors</b>	: Rajendra & Co. Chartered Accountant	
<b>Bankers</b>	: Dena Bank	
<b>Registered Office</b>	: "Jasville", 2nd Floor, Opp. Liberty Cinema, 9, New Marine Lines, Mumbai 400 020. Tel.: 022-2200 0488 / 2200 5652 Fax : 022 - 2200 6437	
<b>Factory</b>	: Plot No. 63-B, Dahudhyog Industrial Estate, Village Piparia, District Silvassa, Union Territory of Dadra & Nagar Haveli	
<b>Wind Mill</b>	: Thungavi Village, Udumalpet Taluka, Coimbatore, Dist. Tamilnadu	
<b>Registrar &amp; Transfer Agent</b>	: BIGSHARE SERVICES PVT. LTD. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072. Tel.: 022 - 2852 3474 / 2856 0652 / 53 Fax : 022 - 2852 5307 e-mail : bigshare@bom7.vsnl.net.in	

**Members are requested to bring their copy of Annual Report at the A.G.M.**

**BLUE CHIP TEX INDUSTRIES LTD.**

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**NOTICE**

Notice is hereby given that the Twenty-Third Annual General Meeting of the Members of **BLUE CHIP TEX INDUSTRIES LIMITED** will be held on Thursday, 25th. September 2008, at 10 a.m. M.C.GHIA HALL, Bhogilal Hargovindas Building, 18/202, K. Dubash Marg, Mumbai 400 023 to transact the following business:

1. To consider and adopt Balance Sheet as at 31st March 2008, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Kumar S. Nathani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Rajendra & Company, Chartered Accountants as Auditors, who shall hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at such remuneration as fixed by the Board, in consultation with the Auditors.

**SPECIAL BUSINESS :**

5. To confirm the appointment of Mr. Anil Mandhana as a Director of the Company. To pass with or without modifications, the following Resolution.

"RESOLVED THAT Mr. Anil Mandhana was appointed as an additional Director of the Company by the Board of Directors to hold the office up to the date of this Annual General Meeting in accordance with Section 260 of the Companies Act, 1956. and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director. Mr. Anil Mandhana be and is hereby appointed as a Director of the Company"

By Order of the Board of Directors

Mumbai

Dated : 24<sup>th</sup> June, 2008.

**Nand K. Khemani**  
Managing Director

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. The proxies to be effective, should be completed in all respect and be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Members/Proxies should bring with them the attendance slip, duly filled in, for attending the meeting as well as their copies of the Annual Report.

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, 15<sup>TH</sup>.September, 2008 to THURSDAY 25<sup>TH</sup>. September, 2008. ( both days inclusive).
4. As per the provision of the companies Act, 1956 facility for making nomination is now available to the shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Share Register of the company.
5. Members, who have not yet encased their dividend warrants for the financial year 31.3.2001 and onwards, are requested to make their claims to the company accordingly without any delay.
6. Members seeking any information about Accounts are requested to address their queries to the Company at least 7 days in advance of the meeting so that information sought can be readily provided at the meeting.
7. Members are advised to consolidate their Ledger Folios where they are holding Shares in identical order of names in different Folios.
8. The Shares of the Company are listed at the Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The Listing fee has been paid in time for the year ended 31.03.2008

**EXPLANATORY Statement Pursuant to Section 173 ( 2 ).****Item No. 5**

Mr. Anil G. Mandhana has been appointed as on Additional Director u/s 260 of the Companies Act, 1956, by the Board of Directors w.e.f. 29.10.2007. Mr. Mandhana, aged 35 years, is a Commerce Graduate, having a vast experience of 15 years in the Yarn business. He is also a Director of M/s Anil Yarns Pvt. Ltd., M/s Aravali Fabrics Pvt. Ltd. and M/s Shivam Texo Fab Pvt. Ltd. The Company stands to benefit from his experience in the business. Your Directors therefore recommend your approval and confirmation of the appointment of Mr. Anil Mandhana as a Director of the Company.

By Order of the Board of Directors

Mumbai  
Dated : 24<sup>th</sup> June, 2008.

**Nand K. Khemani**  
Managing Director

**Registered Office:**  
Jasville, 2nd Floor,  
9, New Marine Lines,  
Mumbai 400 020.

**BLUE CHIP TEX INDUSTRIES LTD.****DIRECTORS' REPORT**

To,  
The Members.

The Directors have pleasure in presenting their 23rd Annual Report and Audited Accounts for the Financial Year ended 31.3.2008.

**FINANCIAL RESULTS :**

	<b>(Rupees in Lacs)</b>	
	<u>2007-2008</u>	<u>2006-2007</u>
Profit before depreciation	56.46	27.21
Less : Depreciation	18.01	7.79
<b>Profit before Tax</b>	<b>38.45</b>	<b>19.42</b>
Less : Provision for taxation		
Current tax	4.15	2.15
Deferred Tax	9.30	7.28
Fringe Benefit Tax	0.03	0.03
<b>Profit after Tax</b>	<b>24.97</b>	<b>9.96</b>
Add : Taxation for earlier year	-	-
	<u>24.97</u>	<u>9.96</u>
Balance in Profit & Loss Account	49.98	40.01
Surplus available for Appropriation	74.95	49.97
Proposed Dividend	14.78	0.00
Tax on proposed Dividend	2.51	0.00
	<u>57.66</u>	<u>49.97</u>
Balance carried to Balance Sheet	=====	=====

**YEAR IN RETROSPECT :**

During the year, the Company achieved a Turnover of Rs.829.84 Lacs., as against the previous year's Rs.874.06 Lacs. After considering income tax, there is a net profit of Rs.24.97 Lacs, as compared to earlier year's profit of Rs.9.96 Lacs. The above turnover of Rs.829.84 Lacs includes a sum of Rs.10.62 lacs (previous year Rs.0.03 lacs ) from sale of Electric Power from our Wind Power Generation Unit – Type 225 KW Wind Electric Generator, installed at the cost of Rs.105 Lacs, at Thungavi Village, Udumalpet Taluka in Coimbatore District, Tamil Nadu. Your Directors anticipate an increase in the income of the Company with a resultant increase in its profitability in the forthcoming years. The Company has adhered towards a conservative policy and has minimised its overhead expenses.

The Company had issued 7,40,500 Equity Warrants on preferential basis on 24.7.1995, through private placement. The Price worked out as per para 4 of SEBI guidelines for 10% upfront collection was Rs.14.63 and accordingly, a sum of Rs.1.50 per Warrant was called from the Applicants who has applied

for the Warrants. To exercise the right to apply for Shares, the price fixed @ Rs.10 per Share as per para 5 of SEBI Guidelines, an issue was opened from 31.07.1996 to 16.08.1996 during which Warrant Holders holding 7,30,100 warrants exercised their rights and the Company collected @ Rs.8.50 per share [From Price fixed @ Rs.10 per Share less Rs.1.50 per Share upfront money collected in 1995]. The Company thereafter applied to Mumbai Stock Exchange for listing of those 7,30,100 Shares. The Mumbai Stock Exchange objected for fixing of price @ Rs.10 per Share and asked the Company to collect a further Rs.4.63 per Share or get a no-objection from SEBI in respect of our fixing of price @ Rs.10 per share, in order to get the Shares listed. The Company approached SEBI to get its no-objection letter but was not successful as SEBI asked the Company to approach the Mumbai Stock Exchange. Since our application was not considered, the Company filed an Appeal before the Securities Appellate Tribunal. By Order of the Securities Appellate Tribunal dated 25.03.2008, the Company was directed to Call for Rs.4.63 per Share, as asked by Mumbai Stock Exchange. Your Directors have taken necessary action to comply with the Order of The Securities Appellate Tribunal and will be making the call for payment @ Rs.4.63 per Share from the Allottees of 7,30,100 Equity Shares, which is expected to be completed by 31.08.2008. This collection @ Rs.4.63 per Share from around 27-30 Allottees of Shares, amounting to Rs.33,80,363/-, will be treated as Share Premium. This collection will help the Company to improve its business activities and resultant profitability.

#### **DIVIDEND :**

Your Directors recommend Rs.0.75 per equity Share as final Dividend for the year ended 31.03.2008.

#### **FUTURE PROSPECTS :**

During the year the Company also continued with its own manufacturing activity and its own sale of Twisted yarn. Also from the Wind Power generation units, through sale of power, the Company will be able to maintain its profitability from Sales and other Income by way of Rent. Considering the market demand, by marketing Twisted Yarn to the customers, the Company expects to increase its turnover and resultant profitability.

#### **FINANCE :**

The Company is debt-free.

#### **FIXED DEPOSITS :**

The Company has not accepted any deposits within the meaning of Sec. 58-A of the Companies Act, 1956 or rules made there-under.

#### **INSURANCE :**

All properties of the Company, including buildings, plant and machinery, stores and spares, stock of raw materials and finished goods, etc. have been adequately insured.

#### **ENERGY TECHNOLOGY AND FOREIGN EXCHANGE :**

Information in accordance with the Provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are as under:

##### **A. CONSERVATION OF ENERGY**

###### **i) Energy conservation measures taken:**

There is a continuous and systematic effort to optimise energy consumption and cost at our Plant through evaluation of performance and modernisation and upgradation of equipment and instrumentation.

The Company has taken all necessary steps to get utmost efficiency and installation of allied equipment, for saving in energy and fuel consumption.

**BLUE CHIP TEX INDUSTRIES LTD.**

- ii) Impact of Measures at the above on reduction in energy consumption and consequent impact on cost of production of goods: Through implementation of energy conservation measures at (i) above, there has been energy saving. However, this being the first year of operations, the exact quantum of energy saving will not be known at this stage.

- iii) Total energy consumption and energy consumption per unit of production :

**a. Power and Fuel Consumption:**

	CURRENT YEAR	PREVIOUS YEAR
<b>1. Electricity :</b>		
(a) Purchased Units (KWH )	539041	553000
Total Amount (Rs.)	1341212	1366499
Cost / Unit (Rs.)	2.49	2.49
(b) Own Generation		
i) Through Diesel Generator		
Units (in Lacs)	Nil	Nil
Unit per litre of diesel	Nil	Nil
Cost / Unit Rs.	Nil	Nil
ii) Through Steam	Nil	Nil
<b>2. Coal / Furnace oil :</b>	Nil	Nil

**b. Consumption per Ton of production of Polyester****B. TECHNOLOGY ABSORPTION**

Research work is being carried out for products for better yield and quality, energy conservation, cost reduction, etc., resulting in improved quality of our products. There is no import of technology.

**C. Foreign Exchange Earning and Outgo**

Foreign Exchange Earnings	: Rs. Nil ( Previous Year : Rs. Nil)
Foreign Exchange outgo	: Rs. Nil ( Previous year : Rs. Nil)

**DIRECTORS' RESPONSIBILITY STATEMENT :**

As required under Section 217.(2AA) of the Companies Act, the Directors hereby confirm that:

- In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on 'going concern' basis.

**PERSONNEL :**

There are no employees who are covered under the provisions of Sec. 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement, report on the Corporate governance is applicable to all listed Companies which are included either in Group 'A' of BSE or S&P CNX Nifty Index. Since our Company is listed in Group 'B' in BSE, this is not applicable to our Company. Also, implementation is applicable for listed Companies with Paid-up Share Capital of Rs. 3 Crores and above from Financial

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Year 2002-2003 onwards. Since the Paid up Capital of our Company is below Rs. 3 Crores, the Corporate Governance Report is not applicable to our Company. However for the benefit of members and for the sake of transparency, we provide below related information.

**(a) Company's philosophy :**

The Company's character is shaped by the values of transparency, professionalism and accountability. The Company will endeavor to improve on these aspects on an ongoing basis.

**(b) Board of Directors :**

The Board of Directors comprises of a Managing Director, an Executive Director and a Non-executive Director. Mr. Anil G. Mandhana has been appointed as (Non-Executive) Additional Director w.e.f 29.10.2007 till the conclusion of the ensuing Annual General Meeting. Your director hereby recommend your confirmation of his appointment.

During the year, five Board Meetings were held on 04.05.2007, 21.06.2007, 30.07.2007, 29.10.2007 and 29.01.2008. There was no Extraordinary General Meeting held during the year .

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and Extraordinary General Meeting; as also details of other directorships/ membership of Committees are as follows :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM & EGM	No. of other Director-ships	Committee Membership	
					Member	Chairman
Mr. Nand K.Khemani	MD	4	YES	5	1	1
Mr.Ashok K. Khemani	ED	5	YES	5	1	None
Mr. Kumar Nathani	NED	5	YES	4	1	None
Mr. Anil Mandhana	NED	2	NA	3	0	None

( No. of Directorship includes Private Limited Companies)

MD — Managing Director

ED — Executive Director

NED — Non-Executive Director

**(c) Audit Committee: Not Applicable****(d) Nomination & Compensation Committee: Not Applicable****(e) Shareholders' Grievance Committee :****1. Terms of reference :**

Shareholders' complaints/grievances are attended by the Managing Director and Executive Director, to look into the shareholders' complaints, if any, and to redress the same expeditiously. They approve requests for issue of duplicate Share Certificates and issue of certificates after split/ consolidation/renewal as also requests for transmission of shares, referred by the Share Transfer Committee.

**2. Composition :**

The Shareholders' Grievances are looked after by the Managing Director personally since the Grievance Committee is not applicable.

Mr. K. M. Ved is the Compliance Officer. During the year, 11 letters were received from the Shareholders for change of address, revalidation of dividend warrants, issue of duplicate shares etc. and the same were replied/resolved to the satisfaction of the Shareholders.

The Board has delegated power for approving transfers of Shares to a Committee comprising of the Managing Director, one Executive Director and one Non-Executive Director. The Committee met 16 times during the year and approved the transfer of shares lodged with the Company.



**BLUE CHIP TEX INDUSTRIES LTD.****3. General Body Meetings:**

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2006 -07	24.9.2007	10.00 a.m.	M.C. GHIA HALL – Mumbai
2005-06	08.9.2006	10.00 a.m.	M.C. GHIA HALL – Mumbai
2004-05	12.9.2005	10.00 a.m.	M.C. GHIA HALL – Mumbai

No special resolutions on matters requiring postal balloting are placed for Shareholders' approval at this meeting.

**(f) Disclosures :**

- During the year, there were no transactions of a material nature with the Directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
- There were no instances of non-compliance of any matter related to the Capital markets, during the last three years.

**(g) Means of Communication :**

Quarterly results were published in prominent daily newspapers viz. Navsakti, Financial Express, The Free Press Journal, Asian Age, Business Standard, Mumbai Luxdip.

**(h) General Shareholders' Information :**

- The Annual General Meeting is proposed to be held on Thursday, 25th September 2008 at M.C. Ghia Hall, Mumbai at 10.00 a.m.
- Financial calendar :**
  - Annual results of previous year : Beginning June
  - Mailing of Annual Reports : July 10
  - First Quarter results : End July
  - Second Quarter results : End October
  - Annual General Meeting : End September
  - Third Quarter results : End January
  - Fourth Quarter results : Mid June
- Date of book closure :**  
Monday, 15th September 2008 to Thursday, 25<sup>th</sup>. September 2008 (both days inclusive)
- Listing of Equity Shares/ Debentures on the Stock Exchange at :**  
Mumbai (BSE), Stock code at Mumbai Stock Exchange : 6981.
- Stock Market Price Data for the year 2007-2008 :**  
Very few transactions took place during the year for trading on the Stock Exchange hence monthly BSL HIGH & LOW prices are not given.  
During the year, BSE HIGH was Rs. 22.95.  
BSE LOW was Rs. 6.66.
- Registrar and Share Transfer Agents :**  
M/s. Bigshare Service Pvt. Ltd. are the Share transfer Agents, for processing the transfer of Shares having address at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
- Share Transfer System :**  
The Company's shares are traded at the Stock Exchange in demat mode., w.e.f. May 2001. Shares in physical mode lodged for transfer with Bigshare Services Pvt. Ltd. were processed and transferred.

**8. Distribution of Share Holding Pattern on 20th June 2008**

No. of shares	No. of shareholders	% of shareholders	Total shareholding	% of shareholding
1 to 500	3,814	95.02	513973	26.08
501 to 1000	97	2.42	81576	4.14
1001 to 2000	46	1.14	69347	3.52
2001 to 3000	15	0.37	36974	1.87
3001 to 4000	6	0.15	21998	1.12
4001 to 5000	14	0.35	65989	3.35
5001 to 10000	8	0.20	59060	3.00
10001 & above	14	0.35	1121583	56.92
<b>Total</b>	<b>4,014</b>	<b>100.00</b>	<b>1970500</b>	<b>100.00</b>

**9. Shareholding Pattern**

Pattern of shareholding by ownership as on 20th June 2008

Category	No. of Shares held	% Shareholding
1) Promoter's Holding :		
A) Indian :		
i) Individuals / Hindu Undivided Family :	190900	9.69
ii) Bodies Corporate	873488	44.33
Sub Total (A) (1)	<u>1064388</u>	<u>54.02</u>
B) Foreign :	-	-
Total Shareholdings of Promoter and Promotes Group Total (A) & (B)	<u>1064388</u>	<u>54.02</u>
2) Public Shareholding :		
A) Institutions :		
i) Mutual Funds / UTI	-	-
ii) Financial Institutions/ Bank	6400	0.32
B) Non – Institutions :		
i) Bodies Corporate	37679	1.91
ii) Individuals Share Holdings	855246	43.41
iii) Individuals NRI	6387	0.32
iv) Clearing Members	400	0.02
Total Public Shareholdings.	<u>906112</u>	<u>45.98</u>
<b>Total (1 &amp; 2)</b>	<b>1970500</b>	<b>100.00</b>

**10. Dematerialisation of Shares :**

The Company's Shares are listed on the Bombay Stock Exchange in the 'B' Group and as per Exchange requirements, Shares are to be dematerialised. The Company has established connectivity with National Securities Depository (NSDL) and Central Depository Service (India) Ltd. (CSDL).

**11. Plant Locations :**

The Company's Twisting Plant is located at Silvassa, in the Union Territory of Dadra & Nagar Haveli and Wind Electricity Generation Unit is located in the State of Tamilnadu.